

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY

MCBAIN, MICHIGAN

MARCH 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Riverside Township</b>	County <b>Missaukee</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>6/28/04</b>	Date Accountant Report Submitted to State: <b>7/23/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |                                                                     |                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.                                                                                                                                                                                                                             |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).                                                                                                                                                                                                      |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).                                                                                                                                                                                                                |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.                                                                                                                                             |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).                                                                                                                                             |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.                                                                                                                                                                                                                     |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).                                                                                                                                                                                                         |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).                                                                                                                                                                                                                                |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Baird, Cotter and Bishop, P.C.</b>			
Street Address <b>134 W. Harris Street</b>	City <b>Cadillac</b>	State <b>MI</b>	ZIP <b>49601</b>
Accountant Signature 		Date <b>7/21/04</b>	

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

MARCH 31, 2004

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M. WAYNE BEATTIE, C.P.A.  
1902 - 1990  
JACK H. BAIRD, C.P.A.  
JERRY L. COTTER, C.P.A.  
DALE D. COTTER, C.P.A.

*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.  
ROBERT V. BEATTIE, C.P.A.  
DOUGLAS P. McMULLEN, C.P.A.  
JOHN F. TAYLOR, C.P.A.  
STEVEN C. ARENDS, C.P.A.  
SCOTT A. HUNTER, C.P.A.  
JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

June 28, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board  
Riverside Township  
Missaukee County  
McBain, Michigan

We have audited the accompanying general-purpose financial statements of Riverside Township, Missaukee County, McBain, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances and general fixed asset balances of Riverside Township, Missaukee County, McBain, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid and changes in general fixed assets for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter and Bishop, P.C.

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
ALL FUND TYPES AND ACCOUNT GROUP

MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>FIDUCIARY</u>
	<u>GENERAL</u>	<u>SPECIAL</u>	<u>FUND TYPE</u>
	<u>FUND</u>	<u>REVENUE</u>	<u>AGENCY</u>
		<u>FUNDS</u>	<u>FUND</u>
<u>ASSETS</u>			
Cash			
Commercial Account	\$ 353	\$ 0	\$ 100
Money Market Account	49,648	41,561	0
Taxes Receivable	2,009	2,896	0
Land and Land Improvements	0	0	0
Buildings	0	0	0
Machinery and Equipment	0	0	0
Furniture and Fixtures	0	0	0
TOTAL ASSETS	\$ 52,010	44,457	\$ 100
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
Deferred Revenue	\$ 2,009	\$ 2,896	\$ 0
Payroll Withholdings	70	0	0
Total Liabilities	\$ 2,079	\$ 2,896	\$ 0
<u>EQUITY</u>			
Investment in General Fixed Assets	\$ 0	\$ 0	\$ 0
Balance			
Reserved for Fire Protection	0	21,338	0
Reserved for Road Improvements	0	20,223	0
Unreserved	49,931	0	100
Total Equity	\$ 49,931	\$ 41,561	\$ 100
TOTAL LIABILITIES AND EQUITY	\$ 52,010	\$ 44,457	\$ 100

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

ACCOUNT GROUP	TOTAL
GENERAL	(MEMORANDUM
FIXED ASSETS	ONLY)
\$ 0	\$ 453
0	91,209
0	4,905
3,813	3,813
14,658	14,658
1,256	1,256
1,934	1,934
\$ 21,661	\$ 118,228
\$ 0	\$ 4,905
0	70
\$ 0	\$ 4,975
\$ 21,661	\$ 21,661
0	21,338
0	20,223
0	50,031
\$ 21,661	\$ 113,253
\$ 21,661	\$ 118,228

The accompanying notes are an integral part of these financial statements.



RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL (MEMORANDUM ONLY)
<u>RECEIPTS</u>			
Taxes	\$ 37,960	\$ 42,103	\$ 80,063
Licenses and Permits	850	0	850
State Grants	78,926	0	78,926
Charges for Services	1,354	0	1,354
Interest and Rents	189	84	273
Other Receipts	384	0	384
Total Receipts	\$ 119,663	\$ 42,187	\$ 161,850
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 2,172	\$ 0	\$ 2,172
General Government			
Supervisor	22,527	0	22,527
Clerk	7,177	0	7,177
Board of Review	960	0	960
Treasurer	10,575	0	10,575
Building and Grounds	158	0	158
Cemetery	1,170	0	1,170
Public Safety	11,535	19,000	30,535
Public Works	63,973	19,750	83,723
Other Functions	6,391	0	6,391
Total Disbursements	\$ 126,638	\$ 38,750	\$ 165,388
Excess of Receipts Over (Under) Disbursements	\$ (6,975)	\$ 3,437	\$ (3,538)
<u>BALANCE - April 1, 2003</u>	56,906	38,124	95,030
<u>BALANCE - March 31, 2004</u>	\$ 49,931	\$ 41,561	\$ 91,492

The accompanying notes are an integral part of these financial statements.

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 29,984	\$ 37,960	\$ 7,976
Licenses and Permits	0	850	850
State Grants	72,000	78,926	6,926
Charges for Services	0	1,354	1,354
Interest and Rents	7,000	189	(6,811)
Other Receipts	0	384	384
Total Receipts	\$ 108,984	\$ 119,663	\$ 10,679
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 3,000	\$ 2,172	\$ 828
General Government			
Supervisor	25,000	22,527	2,473
Clerk	8,500	7,177	1,323
Board of Review	2,500	960	1,540
Treasurer	12,500	10,575	1,925
Building and Grounds	1,000	158	842
Cemetery	2,000	1,170	830
Public Safety	13,000	11,535	1,465
Public Works	88,141	63,973	24,168
Other Functions	8,300	6,391	1,909
Contingency	2,000	0	2,000
Total Disbursements	\$ 165,941	\$ 126,638	\$ 39,303
Excess of Receipts Over (Under) Disbursements	\$ (56,957)	\$ (6,975)	\$ 49,982
<u>BALANCE - April 1, 2003</u>	56,957	56,906	(51)
<u>BALANCE - March 31, 2004</u>	\$ 0	\$ 49,931	\$ 49,931

The accompanying notes are an integral part of these financial statements.

SPECIAL REVENUE  
FUNDS

BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 41,861	\$ 42,103	\$ 242
0	0	0
0	0	0
0	0	0
300	84	(216)
0	0	0
<u>\$ 42,161</u>	<u>\$ 42,187</u>	<u>\$ 26</u>
 \$ 0	 \$ 0	 \$ 0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
19,000	19,000	0
34,832	19,750	15,082
0	0	0
0	0	0
<u>\$ 53,832</u>	<u>\$ 38,750</u>	<u>\$ 15,082</u>
 \$ (11,671)	 \$ 3,437	 \$ 15,108
38,124	38,124	0
<u>\$ 26,453</u>	<u>\$ 41,561</u>	<u>\$ 15,108</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Riverside Township is a general law township located in Missaukee County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for these funds which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

**C. Assets, Liabilities and Equity**

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Township's investment policy states that the treasurer may invest township funds in certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank but only if the bank, savings and loan association, or credit union meets all the criteria as a depository of public funds contained in state law.

In addition, the prior approval of the township board shall be required for the treasurer to invest in any other lawful investment instruments. The township board may authorize the treasurer to invest in the following:

- a. Bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States.
- b. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- c. Repurchase agreements consisting of instruments listed in subdivision (a).
- d. Bankers' acceptance of United States banks.
- e. Obligations of this state or any of its political subdivision that at the time of purchase are rated as investment grade by not less than one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

- (i) The purchase of securities on a when-issue or delayed delivery basis.
  - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
  - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- g. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
  - h. Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.11 to 129.118.
  - i. The investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.
2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liability is for unremitted payroll tax withholdings.

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

4. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

5. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

6. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**A. Budgetary Information**

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 25, 2003.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The Township's deposits in commercial accounts and money market accounts at year-end were entirely covered by Federal Depository Insurance. At year-end, the carrying amount of the Township's deposits was \$91,662 and the bank balance was \$109,366.

The carrying value of the Township's deposits at year-end are shown below:

	GENERAL FUND	ROAD FUND	FIRE FUND	CURRENT TAX COLLECTION FUND
Chemical Bank West Cadillac, Michigan				
Commercial Account	\$ 353	\$ 0	\$ 0	\$ 100
Money Market Account	49,648	20,223	21,338	0
	<u>\$ 50,001</u>	<u>\$ 20,223</u>	<u>\$ 21,338</u>	<u>\$ 100</u>

B. Fixed Assets

A summary of changes in general fixed assets follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land and Land Improvements	\$ 3,813	\$ 0	\$ 0	\$ 3,813
Buildings	14,658	0	0	14,658
Machinery and Equipment	1,256	0	0	1,256
Furniture and Fixtures	1,934	0	0	1,934
TOTAL	<u>\$ 21,661</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,661</u>



RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

IV. OTHER INFORMATION

**A. Property Taxes**

The Township levied 1.3383 mills in tax on a taxable value of \$21,839,442 on the 2003 tax roll for operations, and 0.9446 mills for road improvements and 0.9852 for fire protection.

Properties are assessed January 1, and the related property taxes become a lien on December 1 of the same year. Taxes are due and payable to the township treasurer on or before February 28. After February 28, the property taxes are payable to the Missaukee County Treasurer. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied. The Township's portion of delinquent property taxes receivable is recognized as an asset. The taxes receivable are also recorded as deferred revenue and the tax collections are recorded as cash receipts when collected.

**B. Interest Income and Expense**

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 189	\$ 0
Road Fund	34	0
Fire Fund	50	0
Total	\$ <u>273</u>	\$ <u>0</u>

Note - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown as General Fund interest income.

**C. Fire Protection Contract**

The Township contracts with the McBain Community Fire Department for fire protection services. The City of McBain maintains the records for the fire department. The Township's contracted amount for 2003-2004 was \$8,000. Also, in 2003, the Township paid an additional \$2,500 for its share of fire department building rent. Additionally, in May of 2003, the Township board committed to supporting the McBain Community Fire Department's purchase of a fire pump truck by agreeing to additional aid to the Fire Department in the amount of \$98,175 over the next five years. As of March 31, 2004, the Township had paid \$20,000 of this additional commitment.

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NOTES TO FINANCIAL STATEMENTS  
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**D. Property Tax Administration Fee**

The Township passed a resolution on June 7, 1983, to charge a 1% administration fee on all ad valorem taxes levied after this date. The resolution is to continue in force and effect until revoked by the township board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

**E. Retirement Plan**

The Township has a defined contribution pension plan with Manufacturers Life Insurance Company which covers all members of the township board, the deputy supervisor, the deputy clerk and the deputy treasurer. The annual contribution is 15% of compensation of which 7.5% is paid by the Township and 7.5% by the participant. Participants may make voluntary after-tax contributions, ranging from 1% to 10% of compensation. The Township's 2003-2004 contribution amounted to \$2,937 and participants contributed \$2,634. In addition, the Township paid plan administration fees of \$559.

There are no age or service requirements to participate in the plan. Participants are immediately vested in all contributions made by the Township. Normal retirement age under the plan is 65. Early retirement is permitted at any time after attainment of age 55.

For purposes under the plan, including the allocation of employer contributions, compensation means the basic annual rate of compensation in effect at the beginning of each plan year, not including overtime and bonuses. For the 2003-2004 year, covered compensation was \$35,105 and total of all wages including noncovered wages was \$36,100.

**F. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal and annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

GENERAL FUND  
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 353
Money Market Account	49,648
Taxes Receivable	<u>2,009</u>
TOTAL ASSETS	\$ <u>52,010</u>

LIABILITIES AND BALANCE

LIABILITIES

Deferred Revenue	\$ 2,009
Payroll Withholdings	<u>70</u>
Total Liabilities	\$ 2,079

BALANCE

Unreserved	<u>49,931</u>
TOTAL LIABILITIES AND BALANCE	\$ <u>52,010</u>

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

GENERAL FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 29,984	\$ 37,960	\$ 7,976
Licenses and Permits	0	850	850
State Grants	72,000	78,926	6,926
Charges for Services	0	1,354	1,354
Interest and Rents	7,000	189	(6,811)
Other Receipts	0	384	384
Total Receipts	\$ 108,984	\$ 119,663	\$ 10,679
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 3,000	\$ 2,172	\$ 828
General Government			
Supervisor	25,000	22,527	2,473
Clerk	8,500	7,177	1,323
Board of Review	2,500	960	1,540
Treasurer	12,500	10,575	1,925
Building and Grounds	1,000	158	842
Cemetery	2,000	1,170	830
Public Safety	13,000	11,535	1,465
Public Works	88,141	63,973	24,168
Other Functions	8,300	6,391	1,909
Contingency	2,000	0	2,000
Total Disbursements	\$ 165,941	\$ 126,638	\$ 39,303
Excess of Receipts Over (Under) Disbursements	\$ (56,957)	\$ (6,975)	\$ 49,982
<u>BALANCE - April 1, 2003</u>	56,957	56,906	(51)
<u>BALANCE - March 31, 2004</u>	\$ 0	\$ 49,931	\$ 49,931

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

GENERAL FUND  
ANALYSIS OF CASH RECEIPTS

FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$	27,215
Delinquent Property Taxes		1,984
Property Tax Administration Fee		<u>8,761</u>

Total Taxes	\$	37,960
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LICENSES AND PERMITS

Land Division Fees		850
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STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		78,926

CHARGES FOR SERVICES

Cemetery Lot Sales	\$	150
Dog Licenses		4
Fire Runs		<u>1,200</u>

Total Charges for Services		1,354
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INTEREST AND RENTS

Interest Earnings		189
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OTHER RECEIPTS

Refunds and Rebates		<u>384</u>
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TOTAL RECEIPTS	\$	<u><u>119,663</u></u>
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RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

GENERAL FUND  
ANALYSIS OF CASH DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services		
Salaries and Wages	\$	680
Supplies		
Office Supplies		48
Other Services and Charges		
Contracted Services		779
Dues and Fees		517
Printing and Publishing		81
Transportation		63
Miscellaneous		4

Total Legislative	\$	2,172
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GENERAL GOVERNMENT

Supervisor

Personal Services		
Salaries and Wages	\$	17,400
Deputy		600
Per Diem		880
Supplies		
Office Supplies		637
Other Services and Charges		
Contracted Services		1,212
Communications		249
Transportation		803
Miscellaneous		746

	\$	22,527
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Clerk

Personal Services		
Salaries and Wages	\$	6,000
Deputy		600
Per Diem		320
Supplies		
Office Supplies		26
Other Services and Charges		
Transportation		22
Miscellaneous		209

	7,177
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Board of Review

Personal Services		
Salaries and Wages		960

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

GENERAL FUND  
ANALYSIS OF CASH DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

Treasurer

Personal Services

Salaries and Wages	\$ 7,400	
Deputy	600	
Per Diem	235	

Supplies

Office Supplies	616	
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Other Services and Charges

Contracted Services	1,689	
Miscellaneous	17	
Travel	18	

10,575

Building and Grounds

Other Services and Charges

Utilities

158

Cemetery

Personal Services

Salaries and Wages	\$ 390	
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Other Services and Charges

Salaries and Wages	780	1,170
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Total General Government

42,567

PUBLIC SAFETY

Fire Protection

Personal Services

Salaries and Wages	\$ 35	
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Other Services and Charges

Building Rent	2,500	
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Aid to Other Government	9,000	
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Total Public Safety

11,535

PUBLIC WORKS

Highway, Streets and Bridges

Other Services and Charges

Repairs and Maintenance

63,973

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

GENERAL FUND  
ANALYSIS OF CASH DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

OTHER FUNCTIONS

Insurance and Bonds \$ 2,072

Employee Benefits

Pension Contribution \$ 3,496

Medicare and Social Security 73

Worker's Compensation 750 4,319

Total Other Functions

6,391

TOTAL DISBURSEMENTS

\$ 126,638



RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

	<u>ROAD FUND</u>	<u>FIRE FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash			
Money Market Accounts	\$ 20,223	\$ 21,338	\$ 41,561
Taxes Receivable	<u>1,418</u>	<u>1,478</u>	<u>2,896</u>
TOTAL ASSETS	<u>\$ 21,641</u>	<u>\$ 22,816</u>	<u>\$ 44,457</u>
<u>LIABILITIES AND BALANCE</u>			
<u>LIABILITIES</u>			
Deferred Revenue	\$ <u>1,418</u>	\$ <u>1,478</u>	\$ <u>2,896</u>
<u>BALANCE</u>			
Reserved for:			
Road Improvements	\$ 20,223	\$ 0	\$ 20,223
Fire Protection	<u>0</u>	<u>21,338</u>	<u>21,338</u>
Total Balance	<u>\$ 20,223</u>	<u>\$ 21,338</u>	<u>\$ 41,561</u>
TOTAL LIABILITIES AND BALANCE	<u>\$ 21,641</u>	<u>\$ 22,816</u>	<u>\$ 44,457</u>

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES  
FOR THE YEAR ENDED MARCH 31, 2004

	ROAD FUND	FIRE FUND	TOTAL
<u>RECEIPTS</u>			
Taxes	\$ 20,608	\$ 21,495	\$ 42,103
Interest and Rents	34	50	84
Total Receipts	\$ 20,642	\$ 21,545	\$ 42,187
<u>DISBURSEMENTS</u>			
Public Safety			
Fire Department	\$ 0	\$ 19,000	\$ 19,000
Public Works			
Highways, Streets and Bridges	19,750	0	19,750
Total Disbursements	\$ 19,750	\$ 19,000	\$ 38,750
Excess of Receipts Over (Under) Disbursements	\$ 892	\$ 2,545	\$ 3,437
<u>BALANCE</u> - April 1, 2003	19,331	18,793	38,124
<u>BALANCE</u> - March 31, 2004	\$ 20,223	\$ 21,338	\$ 41,561

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

ROAD FUND  
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 20,223
Taxes Receivable	<u>1,418</u>
TOTAL ASSETS	\$ <u>21,641</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 1,418
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EQUITY

Balance	
Reserved for Road Improvements	<u>20,223</u>

TOTAL LIABILITIES AND EQUITY	\$ <u>21,641</u>
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RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

ROAD FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes

Current Tax Collections

\$ 19,208

Delinquent Property Taxes

1,400

\$ 20,608

Interest and Rents

Interest Earnings

34

Total Receipts

\$ 20,642

DISBURSEMENTS

Public Works

Highways, Streets and Bridges

Other Services and Charges

Repairs and Maintenance

19,750

Excess of Receipts Over

(Under) Disbursements

\$ 892

BALANCE - April 1, 2003

19,331

BALANCE - March 31, 2004

\$ 20,223

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

FIRE FUND  
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 21,338
Taxes Receivable	<u>1,478</u>
TOTAL ASSETS	\$ <u>22,816</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 1,478
------------------	----------

EQUITY

Balance	
Reserved for Fire Protection	<u>21,338</u>

TOTAL LIABILITIES AND EQUITY	\$ <u>22,816</u>
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RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

FIRE FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes

Current Tax Collections

\$ 20,034

Delinquent Property Taxes

1,461

\$ 21,495

Interest and Rents

Interest Earnings

50

Total Receipts

\$ 21,545

DISBURSEMENTS

Public Safety

Fire Department

Other Services and Charges

Aid to Other Governments

19,000

Excess of Receipts Over

(Under) Disbursements

\$ 2,545

BALANCE - April 1, 2003

18,793

BALANCE - March 31, 2004

\$ 21,338

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

CURRENT TAX COLLECTION FUND  
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	\$ <u>100</u>
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EQUITY

Balance Unreserved	\$ <u>100</u>
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RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

CURRENT TAX COLLECTION FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 626,717	
Property Tax Administration Fee	6,260	
Penalties and Interest	124	
Dog License Fees	125	
Overcollections from Taxpayers	472	
	<hr/>	
Total Receipts		\$ 633,698

DISBURSEMENTS

Payments to County Treasurer		
Current Tax	\$ 142,175	
Current Tax - State Education Tax	106,724	
Penalties and Interest	124	
Dog License Fees	121	
	<hr/>	
		\$ 249,144
Payments to Township Treasurer		
Current Tax - Operating	\$ 27,215	
Current Tax - Roads	19,208	
Current Tax - Fire	20,034	
Property Tax Administration Fee	6,260	
Dog License Fees	4	
	<hr/>	
		72,721
Payments to School Treasurer		
Current Tax		
McBain Rural Agricultural Schools		189,328
Payments to Intermediate School District		
Current Tax		
Wexford-Missaukee Intermediate		122,033
Overpayments to Taxpayers		472
		<hr/>
Total Disbursements		<u>633,698</u>
Excess of Receipts Over (Under) Disbursements		\$ 0
<u>BALANCE</u> - April 1, 2003		<u>100</u>
<u>BALANCE</u> - March 31, 2004		<u>\$ 100</u>



RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS  
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/01/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Land Improvements	\$ 3,813	\$ 0	\$ 0	\$ 3,813
Buildings	14,658	0	0	14,658
Machinery and Equipment	1,256	0	0	1,256
Furniture and Fixtures	1,934	0	0	1,934
	<u>\$ 21,661</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,661</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 21,661</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,661</u>

RIVERSIDE TOWNSHIP, MISSAUKEE COUNTY  
MCBAIN, MICHIGAN

STATEMENT OF 2003 TAX ROLL  
MARCH 31, 2004

TAXES ASSESSED

County	\$	152,668	
County - State Education Tax		109,195	
Township			
Operating		29,224	
Roads		20,626	
Fire		21,512	
School			
McBain Rural Agricultural School		199,091	
Intermediate School			
Wexford-Missaukee		<u>131,039</u>	\$ 663,355

TAXES COLLECTED

County	\$	142,175	
County - State Education Tax		106,724	
Township			
Operating		27,215	
Roads		19,208	
Fire		20,034	
School			
McBain Rural Agricultural School		189,328	
Intermediate School			
Wexford-Missaukee		<u>122,033</u>	<u>626,717</u>

TAXES RETURNED DELINQUENT

County	\$	10,493	
County - State Education Tax		2,471	
Township			
Operating		2,009	
Roads		1,418	
Fire		1,478	
School			
McBain Rural Agricultural School		9,763	
Intermediate School			
Wexford-Missaukee		<u>9,006</u>	\$ <u>36,638</u>

M. WAYNE BEATTIE, C.P.A.  
1902 - 1990  
JACK H. BAIRD, C.P.A.  
JERRY L. COTTER, C.P.A.  
DALE D. COTTER, C.P.A.

*Baird, Cotter and Bishop, P.C.*

JOHN H. BISHOP, C.P.A.  
ROBERT V. BEATTIE, C.P.A.  
DOUGLAS P. McMULLEN, C.P.A.  
JOHN F. TAYLOR, C.P.A.  
STEVEN C. ARENDS, C.P.A.  
SCOTT A. HUNTER, C.P.A.  
JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

June 28, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Riverside Township  
Missaukee County  
McBain, Michigan

During the course of our audit of the general-purpose financial statements of Riverside Township for the year ended March 31, 2004, we noted the following:

GASB 34

The Governmental Accounting Board has issued statement number 34 which significantly changes the financial statement presentation for governmental entities following accounting principles generally accepted in the United States of America. We will assist the Township in determining the effect of GASB 34 on its financial statements when the implementation date of March 31, 2005, nears.

Budgeting

The Township did an excellent job of complying with Michigan Public Act 621 of 1978, "The Uniform Budgeting and Accounting Act."

We would like to thank the board for its continued confidence in our firm and thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P. C.

*Baird, Cotter and Bishop, P.C.*

# *Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.  
ROBERT V. BEATTIE, C.P.A.  
DOUGLAS P. McMULLEN, C.P.A.  
JOHN F. TAYLOR, C.P.A.  
STEVEN C. ARENDS, C.P.A.  
SCOTT A. HUNTER, C.P.A.  
JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

June 28, 2004

## LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Riverside Township  
Missaukee County  
McBain, Michigan

In planning and performing our audit of the general-purpose financial statements of Riverside Township, Missaukee County, McBain, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization.  
This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter and Bishop, P.C.